

TOM DAVIS, VIRGINIA,
CHAIRMAN

CHRISTOPHER SHAYS, CONNECTICUT
DAN BURTON, INDIANA
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
GIL GUTKNECHT, MINNESOTA
MARK E. SOUDER, INDIANA
STEVEN C. LATOURETTE, OHIO
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
CANDICE MILLER, MICHIGAN
MICHAEL R. TURNER, OHIO
DARRELL ISSA, CALIFORNIA
VIRGINIA BROWN-WAITE, FLORIDA
JON C. PORTER, NEVADA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
CHARLES W. DENT, PENNSYLVANIA
VIRGINIA FOXX, NORTH CAROLINA

ONE HUNDRED NINTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
TTY (202) 225-6852

<http://reform.house.gov>

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
LINDA T. SANCHEZ, CALIFORNIA
C.A. DUTCH RUPPERSBERGER,
MARYLAND
BRIAN HIGGINS, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA

BERNARD SANDERS, VERMONT,
INDEPENDENT

Statement of Rep. Henry A. Waxman Hearing on Assessing the Department of Homeland Security's Mission Effectiveness House Committee on Government Reform

June 9, 2005

Mr. Chairman, I am pleased that the Committee is holding this hearing and I join you in welcoming Secretary Chertoff.

Secretary Chertoff has an extraordinarily difficult job. The mission of his department — to protect the United States from terrorist attacks — could not be more important. Yet the organization he now runs is seriously dysfunctional.

At a hearing of the National Security Subcommittee earlier this week, I expressed my growing concerns about federal procurement policy under the Bush Administration.

The fact is, this Administration has misspent literally billions of dollars on wasteful and ineffective federal contracts. Private contractors may be making millions, but taxpayers are getting soaked. Whether the explanation is gross incompetence or deliberate malfeasance, the result is the same: taxpayers are being vastly overcharged.

The litany of Administration mismanagement of federal contracts is long and costly. The value of no-bid contracts has skyrocketed under the Bush Administration. Oversight of federal contracts has been turned over to private companies with blatant conflicts of interest. And when government auditors do find abuses, their recommendations are ignored.

Nearly every week, the papers are full of stories of contract abuse. The FBI has spent \$170 million on "Virtual Case File" software that doesn't work. In Iraq, Halliburton has overcharged by hundreds of millions of dollars, yet the Administration continues to shower the company with bonuses and special treatment. New equipment worth billions has been sold by the Defense Department at fire-sale prices.

Some of the worst problems, however, are at the Department of Homeland Security. As a series of investigative reports have revealed, the Department has spent hundreds of millions of dollars on homeland security contracts that have proven largely ineffective.

In April, the Washington Post reported that the government is spending over \$200 million to buy a high-tech system of cameras and sensors to monitor activity on the Mexican and Canadian

borders. But this surveillance system has been plagued by incomplete installments and doesn't work.

In May, the New York Times reported that the Department has spent billions of dollars on screening equipment at the nation's entry points. But the radiation devices bought by the Department can't differentiate between radiation emitted from a nuclear bomb and radiation from cat litter or bananas. Again in May, the Washington Post and New York Times reported that the Department has spent over \$1 billion to install massive equipment to screen luggage at airports. But the equipment doesn't work right and has been plagued by high rates of false alarms.

Perhaps the largest contract being managed by the Department is the U.S. VISIT contract with Accenture to create a "virtual border" around the United States. Yet critics say that this \$10 billion contract may turn into an enormous boondoggle that never runs effectively.

And while billions are being wasted on these contracts, the Department's Inspector General has found that taxpayer dollars are being lavished on perks for senior agency officials. One IG report found that the Department spent hundreds of thousands of dollars on a lavish conference, complete with hula dancers, in Hawaii. Another IG report found that the Department spent hundreds of thousands more on a gold-plated gym for senior executives and other employees.

Secretary Chertoff, I recognize that some of these problems will be difficult and time-consuming for you to address. But there is one step you could take right away that would have immediate benefits.

And that is to change the culture of secrecy that envelops the Department and impedes accountability.

Let me give you an example. Last fall, there were reports suggesting that the Department and your predecessor, Secretary Ridge, inappropriately awarded multiple contracts to clients of a Philadelphia law firm, Blank Rome. I don't know whether those reports are true. But to learn more about them, I joined with the ranking member of the Homeland Security Committee to request basic information about the contacts between the Department and Blank Rome. That was five months ago. We still have received no information in response to our requests.

And this is not an isolated example. The Department is so secretive that it even tried to conceal the identity of a newly appointed ombudsman for the Transportation Security Administration, whose responsibility it was to interact with the public regarding airport security.

Secretary Chertoff, your Department may be able to succeed in keeping this kind of information secret. After all, I'm a member of the minority party, and I don't have the power to issue subpoenas or call hearings.

But your Department won't succeed if you do. Our system requires checks and balances. The surest way to stop wasteful spending and improve performance is to encourage — not resist — oversight and accountability.

Your appearance at this hearing is a good first step. And I look forward to your testimony today.